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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

Arizona Corporation Commission

DOCKETED

ROBERT "BOB" BURNS - Chairman  
BOYD DUNN  
SANDRA D. KENNEDY  
JUSTIN OLSON  
LEA MÁRQUEZ PETERSON

DEC 17 2019

DOCKETED BY

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In the matter of:

ROBERT CHARLES HIGH II CRD#  
4568165, an unmarried individual,

Respondent.

DOCKET NO. S-21081A-19-0208

DECISION NO. 77496

**ORDER TO CEASE AND DESIST, ORDER  
FOR ADMINISTRATIVE PENALTIES, AND  
ORDER OF REVOCATION**

On September 3, 2019, the Securities Division ("Division") of the Arizona Corporation Commission ("Commission") filed a Notice of Opportunity for Hearing Regarding Proposed Order to Cease and Desist, Order for Administrative Penalties, and Order for other Affirmative Action (the "Notice") against Respondent Robert Charles High II, CRD# 4568165, alleging violations of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act") and the Arizona Investment Management Act, A.R.S. § 44-3101 *et seq.* ("IM Act").

On September 6, 2019, the Division served a copy of the Notice via personal service upon High at his residence. No request for a hearing or answer to the Notice has been filed as of November 25, 2019.

**I.**

**FINDINGS OF FACT**

1. During the relevant timeframe, i.e. approximately 2012 through the first several months of 2019, High has resided in Arizona.

1           2.       High has been registered with the Commission as a salesman since October 2002 through  
2 February 2019, except for a several-weeks span in October – November 2003 when he voluntarily  
3 stopped his employment at one registered dealer before going to his next employer, and a three-week  
4 span in March – April 2012, when his employer terminated him for inappropriate workplace behavior;  
5 during these two, weeks-long periods, he was not associated with a registered broker-dealer and his  
6 registration was temporarily suspended pursuant to A.R.S. § 44-1949.

7           3.       High has been licensed with the Commission as an investment adviser representative  
8 from August 2006 through February 2019, except for the three-week span in March – April 2012,  
9 described in the preceding paragraph when he was not associated with a licensed investment adviser and  
10 his licensing was suspended pursuant to A.R.S. § 44-3158.

11           4.       From April 10, 2012, through February 20, 2019, High's registration and license were  
12 associated with First Financial Equity Corporation. On February 20, 2019, FFEC terminated High for  
13 violation of the firm's policies. After FFEC terminated High, he was no longer associated with an  
14 investment adviser or broker and his license and registration were automatically suspended by statute.

15           5.       Since 2012, High has managed the investment accounts of RR, a resident of Chandler,  
16 Arizona. This included an investment account owned by RR's entity. These investment accounts  
17 were held by FFEC.

18           6.       High had trading authority over these accounts.

19           7.       In approximately early January 2019, RR noticed that the value of one of his accounts  
20 seemed lower than he expected it to be. RR reviewed the account statements from the previous  
21 several months. The statements from September 2018 – January 2019 showed nine cash withdrawals  
22 with the description "ACH to MidFirst Bank" totaling \$145,827.

23           8.       One of the transfers occurred on the day when RR sent High an email requesting that  
24 High not sell or trade anything in RR's accounts; two transfers occurred after RR sent the email.

25           9.       The transfers all went to a MidFirst account ending in 0477.  
26

1           10.     While account 0477 was in the name of RR's investment entity, RR and his entity did  
2 not own the account. In fact, RR and his entities had not had an account at MidFirst in almost 10  
3 years.

4           11.     High, "dba Fast, Fun, Economical Cars," owned MidFirst account 0477. High was the  
5 only signor on the account. Thus, all the transfers to the account were transfers to High.

6           12.     Debits from account 0477 consist primarily of cash withdrawals, debit card  
7 transactions appearing to be of a personal nature, and self-payable checks.

8           13.     In order to transfer funds to MidFirst account 0477, High provided MidFirst with an  
9 authorization form to transfer money from RR's FFEC investment account to the MidFirst account.  
10 High also provided MidFirst with a voided check from RR's investment entity. RR had never seen  
11 the authorization form before and had not signed it; the signature on the form that purported to be  
12 RR's was not his. Additionally, RR did not provide MidFirst with the voided check for the  
13 authorization.

14           14.     High needed supervisor approval for each transfer from RR's FFEC account to  
15 MidFirst account 0477. In High's emails seeking these approvals, he represented that he was  
16 transferring the funds to RR's entity. In fact, all transfers were to go to High's MidFirst account 0477.

17           15.     After RR discovered these transfers, he notified FFEC. FFEC investigated, discovered  
18 the theft, and terminated High.

19           16.     FFEC also notified the Financial Industry Regulatory Authority of High's conduct.  
20 FINRA is a government-authorized, self-regulatory organization that oversees U.S. broker-dealers  
21 and other aspects of the securities industry. On March 25, 2019, FINRA sent High a letter notifying  
22 him that he was suspended from associating with any FINRA member in any capacity. The letter  
23 informed High that his failure to request termination of the suspension within three months of the  
24 notification would result in the suspension becoming permanent.

25           17.     High did not request termination of the suspension and on June 28, 2019, FINRA  
26 permanently barred High from associating with any FINRA member.

**II.****CONCLUSIONS OF LAW**

1           2.       The Commission has jurisdiction over this matter pursuant to Article XV of the  
2 Arizona Constitution, the Securities Act and the IM Act.

3           3.       Respondent is subject to an order denying, suspending or revoking membership as a  
4 broker or dealer of securities and an investment adviser representative, as set forth in A.R.S. § 44-  
5 1962(A)(8).

6           4.       Respondent engaged in dishonest and unethical conduct under A.R.S. § 44-  
7 1962(A)(10) and Commission Rule R14-4-130 by executing transactions on behalf of a customer  
8 without authority to do so and making unauthorized use of customer funds and converting customer  
9 securities or funds for personal benefit.

10          5.       Respondent, in connection with transactions within and from Arizona involving the  
11 sale and purchase of securities, violated A.R.S. § 44-1991 by employing a device, scheme, or artifice  
12 to defraud; making untrue statements or misleading omissions of material facts; and engaging in  
13 transactions, practices, or courses of business that operate or would operate as a fraud or deceit.

14          6.       Respondent violated A.R.S. § 44-3241 by directly or indirectly employing a device,  
15 scheme, or artifice to defraud; making untrue statements of material fact and omitting to state material  
16 facts that were necessary in order to make the statements made not misleading in light of the  
17 circumstances under which they were made; and engaging in transactions, practices, or courses of  
18 business that operated or would operate as a fraud or deceit.

19          7.       Respondents' conduct is grounds for a cease and desist order pursuant to A.R.S. § 44-  
20 1962, A.R.S. § 44-2032, A.R.S. § 44-3201, and A.R.S. § 44-3292.

21          8.       Respondents' conduct is grounds for an order of restitution pursuant to A.R.S. § 44-  
22 1962, A.R.S. § 44-2032, A.R.S. § 44-3201, and A.R.S. § 44-3292.

23          9.       Respondents' conduct is grounds for administrative penalties under A.R.S. § 44-1962,  
24 A.R.S. § 44-2036, A.R.S. § 44-3201, and A.R.S. § 44-3296.

9. Respondent's conduct subjects him to an order of revocation pursuant to A.R.S. § 44-1962 and A.R.S. § 44-3201.

### III.

## ORDER

THEREFORE, on the basis of the Findings of Fact, and Conclusions of Law, the Commission finds that the following relief is appropriate, in the public interest, and necessary for the protection of investors:

IT IS ORDERED, pursuant to A.R.S. § 44-2032, that Respondent, and any of Respondent's agents, employees, successors and assigns, permanently cease and desist from violating the Securities Act.

IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-1962, that Respondent's salesman registration with the Commission is revoked.

IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-3201, that Respondent's investment adviser representative license with the Commission is revoked.

IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that Respondent shall pay restitution to the Commission in the principal amount of \$0 because the \$145,827 that Respondent would owe in restitution as a result of the conduct set forth in the Findings of Fact and Conclusions of Law has been offset by a \$145,827 payment from FFEC to RR.

IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that Respondent shall pay an administrative penalty in the amount of \$25,000 as a result of the conduct set forth in the Findings of Fact and Conclusions of Law. Payment is due in full on the date of this Order. Payment shall be made to the "State of Arizona." Any amount outstanding shall accrue interest as allowed by law.

IT IS FURTHER ORDERED that the administrative penalty ordered in the preceding paragraph will accrue interest at the rate of the lesser of (i) ten percent per annum or (ii) at a rate per annum that is equal to one per cent plus the prime rate as published by the board of governors of the




federal reserve system in statistical release H. 15 or any publication that may supersede it on the date that the judgment is entered.

IT IS FURTHER ORDERED, that if Respondent fails to comply with this order, the Commission may bring further legal proceedings against Respondent, including application to the superior court for an order of contempt.


IT IS FURTHER ORDERED that this Order shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION

		
CHAIRMAN BURNS	COMMISSIONER DUNN	COMMISSIONER KENNEDY
		
COMMISSIONER OLSON	COMMISSIONER MARQUEZ PETERSON	



IN WITNESS WHEREOF, I, MATTHEW J. NEUBERT, Executive Director of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this 17 day of December, 2019.

  
 MATTHEW J. NEUBERT  
 EXECUTIVE DIRECTOR

DISSENT

DISSENT

This document is available in alternative formats by contacting Kacie Cannon, ADA Coordinator, voice phone number (602) 542-3931, e-mail [kcannon@azcc.gov](mailto:kcannon@azcc.gov).

(RJM)

SERVICE LIST FOR: *In re Robert Charles High II*

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